

Subject: Wage Revision for Employees of Public Sector General Insurance Companies and General Insurance Corporation (GIC) Re and AICIL w.e.f. 1.8.2022 – reg.

The proposal under consideration relates to the Wage Revision for the employees of four Public Sector General Insurance Companies, namely NICL, OICL, NIACL, UIICL and GIC Re and AICIL (GIPSA Member Companies). As per the past practice, Wage revision for employees of GIPSA Member Companies is done every five years and current wage revision is due w.e.f. 1.8.2022.

2. General Insurers' (Public Sector) Association of India (GIPSA) vide its letter dated 7.9.2025 [cp.349-350](#) has informed that discussions have been concluded spanned in several meetings on wage revision of employees of GIPSA member companies w.e.f. 1.8.2022 with the Check-Off qualified Employees' Unions and Associations of Class I, Class II and Class III/IV [cp.336](#). It may be noted that joint meetings with various Unions/Associations held on 13.9.2024, 29.1.2025, 30.4.2025, 6.8.2025 and 26.8.2025. In the meeting held on 26.8.2025, a detailed wage revision proposal including the cadre-wise pay scales and various allowances was shared with the Check Off Qualified Employees' Unions/ Associations which in turn welcomed the proposal. Key points of the proposal are as under: [cp.348](#)

- a) 100% Neutralisation of D.A. as on 31.7.2022.
- b) Revised basic as on 1.8.2022 will be @ 14% hike over existing Basic and DA@ 42.08%.
- c) Allowances including HRA, CCA, Transport, Hill station, Paradeep Port, Lump sum medical Benefit and Special Area allowance etc. revised broadly at par with LIC.
- d) 100% Arrears from 1.8.2022.
- e) Family pension at uniform rate of 30% with effect from gazette notification date.
- f) Increase in Employer's contribution to New Pension Scheme (NPS) from existing 10% to 14% w.e.f. 1.8.2022.

Recommendation of Governing Board of GIPSA:

3. A meeting of the Governing Board of GIPSA was convened on 2.9.2025 to consider the above matter of wage revision. The Board considered the agenda note placed on the above-mentioned issues and recommended to submit the aforesaid proposal of wage revision of employees of GIPSA Member Companies before the Government for its consideration and approval. [cp.351-354](#)

3.1. GIPSA vide the aforesaid letter dated 7.9.2025 has submitted the final proposal of wage revision of employees, uniform rate of family pension @ 30% to pensioners of GIPSA Member Companies and employers' contribution to NPS @ 14% duly recommended and approved by the Governing Board of GIPSA [cp.366](#) for consideration and approval of the Government.

4. Major highlights of the past two wage revisions for employees of GIPSA Member Companies are given below:

S I N O (1)	Parameters (2)	Wa ge Re visi on	Wa ge Rev isio n
		201 2 (3)	201 7 (4)
1 Due Date		1.8. 201 2	1.8. 201 7
2 Date of Notification		23.1 .201 6	14. 10. 202 2
3 DA Rate on the Date of Neutralization		66.1 5%	41.1 0%
4 DA neutralization		100 %	100 %
5 % rise (<i>Load Factor</i>) after 100% DA neutralization with existing basic pay of junior most cadre as on due date {Revised Basic Pay= [Existing basic + DA as on due date] + <i>Load Factor</i> % of the same}}		13.5 6%	10. 02

5	% rise (<i>Load Factor</i>) after 100% DA neutralization with existing initial basic pay of senior most cadre as on due date {Revised Basic Pay= [Existing basic + DA as on due date] + <i>Load Factor</i> % of the same}}	15.09%	10.04
7	% rise in revised basic pay w.r.t existing wage bill (a)	8.78	5.92
8	% rise in allowances (consequential) w.r.t existing wage bill (b)	5.90	6.13
9	Total rise in Wage bill w.r.t existing wage bill (due to revised basic pay & consequential hike in allowances) (a+b)	14.68	12.05

Proposal

5. Wage revision proposals will cause an additional outgo of approximately 12.41% of the wage bill [cp.373](#) for the period starting from 01.8.2022. Proposed pay scales have been drawn by giving 14 % load factor on basic pay after full DA neutralization (i.e. 42.08%) as on 1.8.2022 with consequential increase in other allowances (*taking ceiling limits of allowances at par with LIC*) This has been uniformly applied across all officer scales/cadres. Revised pay scales and allowances for all the cadres are placed at [cp.355-358](#)

5.1 The actual wage bill of GIPSA Member Companies which is already paid for the said period of 38 months [as in table A [cp.376](#)] and estimated additional financial outgo on account of payment of wage arrears [as in table B], respectively, for the last 38 months i.e. from August 2022 to September 2025, is as under: -

(Rs. in crore)

Table A

Period	Actual Wage Bill from August 2022 to September 2025						
	NIC L	NIA CL	OIC L	UII CL	GI C Re	AI CL L	Total I
Aug 22 to Mar 23 (8 Months)	1,4 18. 70	3,52 3.73	1,5 71. 89	3,17 0.96	12 3.2 6	64. 42	9,87 2.96
2023-24	2,2 77. 38	3,72 0.02	2,3 62. 37	3,04 9.00	20 6.5 0	11 2.8 3	11,7 28.1 0
2024-25	2,1 84. 26	2,61 2.50	2,4 09. 85	2,24 3.00	15 7.5 5	11 4.1 6	9,72 1.32
April, 2025 to Sept' 2025 (Projected) (6 Months)	1,0 92. 13	1,30 6.25	1,2 04. 93	1,12 1.50	78. 78	57. 08	4,86 0.66
Total Outgo already made in last 38 Months prior to Wage Revision	6,9 72. 47	11,1 62.5 0	7,5 49. 03	9,58 4.46	56 6.0 9	34 8.4 9	36,1 83.0 4
Table B							
Estimated additional financial outgo on account of payment of wage arrears for 38 months							
Additional Estimated Outgo for WR @ 12.41% increase on wage bill cp.373 (A)	956 .68	2,00 5.39	1,1 53. 52	1,6 21. 46	50. 13	3 5.5	5,82 2.68

5.2. Further, the provisions available with the various Non-Life PSICs against the total Arrears to be paid (for 38 months) on account of Wage Revision (August'22- Sep'25) are as follows:

(Rs. in crore)

Company	Existing Wage Bill (as on 1.8.2022)	Arrears to be paid (for 38 months) @ 14% load factor	Provisions for Wage Revision (as on 31.3.2025)
National Insurance Company Ltd. (NICL)	2,434.45	956.68	364
New India Assurance Company Ltd. (NIACL)	5,103.00	2,005.39	451
Oriental Insurance Company Ltd. (OICL)	2,935.29	1,153.52	628
United India Insurance Company Ltd. (UIICL)	4,126.02	1,621.46	300
General Insurance Corporation of India (GIC Re)	127.52	50.13	70
Agricultural Insurance Company Ltd. (AICIL)	90.33	35.50	55
All Companies Total	14,816.61	5,822.68	1,868

6. Share of increase in Basic Pay & DA taken together shall be 6.28 % of the wage bill and share of consequential increase in all other allowances shall be 6.13 % of the wage bill (Total 6.28%+ 6.13%=12.41%) as shown in table below:

(Rs. in crores)

Table C					
Sr. No.	Item of Expenditure	Base Level Expenditure as on 31.07.2012	Revised Expenditure as on 01.08.2022	Difference	% share of Increase
1	Basic	3,838.73	6,298.17	930.94	6.28
2	DA	1,528.51			
3	HRA	246.94	558.68	311.74	2.10

4	CCA	63.51	143.50	79.98	0.54
5	Transport Allowance	64.34	121.46	57.12	0.39
6	Medical Benefits	93.49	154.25	60.77	0.41
7	LTC	34.15	36.88	2.73	0.02
8	Pensionary Benefits (PF / Pension / Gratuity, etc.)	8265.32	8,566.51	301.19	2.03
9	Other Allowance*	681.62	776.54	94.92	0.64
	Total	14816.61	16,655.99	1,839.38	12.41

**Other allowances include those mentioned at Sl no (iii), (v), (vi), (vii), (viii), (ix), (x), (xi) and (xii) of paragraph 7 and paragraph 8 of this note.*

6.1 However, Dearness Allowance applicable to the employees is determined on the basis of All India Average Consumer Price Index (AIACPI) for industrial workers wherein the base is Index No. 8456 in Series 1960=100. For every four points in quarterly average of AIACPI above 8456 points, an employee shall be paid DA at the rate of 0.06% of the pay which is in line with LIC.

7. All the allowances are proposed to be revised broadly at par with LIC which is in line with the practices in previous wage revisions. The details of various allowances are as below: [cp.356-358](#)

- (i) **House Rent Allowance:** The proposed rates of HRA are 10%, 8% and 7% of pay for different classes of cities, which are same as existing rates. The proposed limits of HRA are in the range of Rs. 2400 to Rs. 13000 as compared to the existing limits of Rs. 1400 to Rs. 7840.
- (ii) **City Compensatory Allowance:** The rates for CCA are 2%, 2.5% and 3% of pay for different classes of cities, which are not proposed to be revised. In absolute terms, the revised

CCA will range between Rs. 2100-3300 for different classes of employees as against the existing ranges of Rs. 1255-1960.

- (iii) **Fixed Personal Allowance:** In order to encourage people to work on computers, this allowance was introduced in 1993 in banks and insurance companies for employees in services at that point of time. This allowance is proposed to be revised in the range of Rs. 1880-8215 for different cadres against the existing allowances in the range of Rs. 1160-5070.
- (iv) **Transport Allowance:** The revised rates for transport allowance will be Rs.1200 (class III/IV), Rs.1550 for Class II (Admn.) and Rs.3300 for Class I (with no conveyance facility) as against the existing rates of Rs.680 (class III/IV), Rs. 925 (Class II- Admn.) and Rs.1960 (Class I- with no conveyance facility).
- (v) **Hill Station Allowance:** The proposed rates under this head are 2.5% and 2% of basic pay depending upon the height of place, which are the same as existing rates. The revised allowance shall be applicable w.e.f. 1st of the month following the date of notification. In absolute terms, Maximum Hill allowance under different area ranges between Rs.1305-2055 for different classes of employees as against the existing ranges of Rs. 790-1245.
- (vi) **Kit Allowance:** This allowance is payable to the officers/employees on transfer to Hill Stations to mitigate the hardship. However, the same will not be applicable if transferred from one Hill Station to another. The revised allowance will be Rs.14,800 against Rs.9000 for class I Officers and Rs.3700 against Rs.2250 for class III/IV. The revised allowance will be payable w.e.f. 1st of the month following the date of notification.
- (vii) **Paradeep Port Allowance:** It is proposed to increase this Allowance from Rs. 265 to Rs. 440 for all classes of employees. It will be payable w.e.f. 1st of the month following the date of notification.
- (viii) **Allowance for Technical Qualification:** The allowance for technical qualification for Class II, III and IV is proposed to be revised in the range of Rs. 915 to 4245 for different qualifications against existing range of Rs. 555 to 2575. It will not qualify for any other benefit.
- (ix) **Graduation Allowance:** The Graduation Allowance for

Assistants will be revised to Rs. 1370 and Rs. 2680 as against the existing rate of Rs. 920 and Rs. 1625. Similarly, the Graduation Allowance for the Record Clerk is proposed to be increased to Rs. 1245 from Rs. 610. This Allowance will not qualify for any other service benefits. Further, Graduation Allowance to Assistants/Record clerk is payable who had qualified as Graduate up to 31.07.2007.

(x) **Special Functional Allowance to Cashier:** The employees functioning as a cashier are eligible for Special Allowance for the risk of handling cash by them. It is proposed to be revised to Rs. 3450 from Rs. 2120 and will not qualify for any other benefit.

(xi) **Functional Allowance to Audit Assistant:** This Allowance is proposed to be revised to Rs. 2515 from Rs. 1200 for persons posted in Audit. It is payable w.e.f. 1st of the month after notification of wage revision.

(xii) **Special Functional Allowance to Sub-staff:** This Allowance is available for cash carrying and key holding functions and is proposed to be increased to Rs. 1650 as against the existing rate of Rs. 1000. This Allowance will not qualify for any other benefit.

8. Lumpsum Medical Benefit (as paid annually), Allowance for Audit and Vigilance Officers, Entertainment Allowance to Officers In-charge, Mid Academic Year Allowance for Class I and Washing Allowance for Class IV [cp.358](#). The Special Area Allowance is affected through administrative instructions issued by boards of the respective companies, hence, they are not submitted as part of this proposal but already incorporated in the overall 12.41% hike in the wage bill. Notification dated 30.4.2024 issued in respect of LIC may be seen at [cp.367-371](#).

Increase in Employers' contribution to NPS @14%

9. It is also proposed that, as recommended by the GB of GIPSA, Employer's contribution to the New Pension Scheme (NPS) to be increased from 10% to 14% w.e.f. 1.8.2022. The increased contribution of 4% on the part of employer will cause an additional **yearly outgo of Rs. 81.13 crores** and **additional estimated outgo of Rs. 250.15 crores w.e.f. 1.8.2022 up to September, 2025** [cp.374](#). Proposal in line with the Central Government and Public Sector Banks employees. Employer's contribution to 14% from existing 10% has also been enhanced to LIC employees with effect from 1.8.2022 (Last Wage Revision).

Estimated additional financial outgo on account of payment of NPS arrears

Company	NI CL	NIA CL	OI CL	UII CL	GIC- Re	AI CIL	Tota I
Additional Estimated Outgo for NPS increased to 14% (B)	52.26	84.18	35.15	67.86	5.92	4.78	250.15

Family pension @ 30%

10. It is further proposed that, as recommended by the GB of GIPSA, for fixing a uniform rate of family pension @30% of last pay in place of the existing slab system whereby, family pension is paid at varying rates of 30%, 20% and 15%, depending upon pay slabs. This will benefit 14,615 family pensioners out of a total of 15,582 existing family pensioners.

10.1. RBI in year 2012 and NABARD in year 2014 have implemented uniform rate of family pension @ 30% of last pay of the earlier three rates based on pay slabs. DFS has allowed the uniform rate of family pension at 30% of last pay w.e.f. 1.4.2021 in respect of PSBs and Regional Rural Banks (RRBs). The provision for uniform family pension @30% for Central Government employee is already in vogue w.e.f. 1.1.1996. DFS has also allowed the uniform rate of family pension for LIC w.e.f. 11.9.2023.

10.2. Financial implication in respect of uniform rate of family pension @30% are as under: [cp.374](#)

Calculation of Family Pension at Uniform Rate of 30% - As on 31.08.2025					
Company	Total No. of Existing Family Pensioners	No. of Family pensioners being paid @ 30%	No. of Family pensioners being paid @ 20%	No. of Family pensioners being paid @ 15%	Financial implication – one-time purchase of annuities (Rs. In crores)
NILCL	3,489	107	597	2,785	450.00

N I A C L	4,281	173	647	3,461	719.25
O I C L	3,921	537	686	2,698	457.00
U I C L	3,833	141	801	2,891	464.00
G I C - R e	54	8	14	32	6.31
A I C IL	4	1	0	3	0.91
T ot al	15,582	967	2,745	11,870	2,097.47

11. Development Officers in GIPSA companies are recruited specifically for the purpose of business procurement and their emoluments are linked with their performance. If there is a rise in their emoluments, they are required to procure correspondingly more business, so as to remain within the stipulated limits of cost ratio (the ratio between their emoluments and the business procured in terms of premium). With the proposed 12.41% wage rise, every Development Officer would be required to procure more business than the business currently procured by them in order to maintain the current level of cost ratio. It is also pertinent that there is no induction to the cadre of Development Officer and the cadre was declared as a “run off” cadre and the cadre strength has come down by more than 70% in last 5 years. Thus, to remove the hardship of

development officers, it is proposed that arrears and equitable relief payable to Development Officer shall be added to the cost of respective performance year to which they relate, subject to the stipulated limits of cost and the balance shall be added to his cost for the performance year 2025-2026 in such proportion as he may choose within 90 days of the publication of notification for which purpose an ad-hoc relaxation of 1% in cost ratio limits for the current year 2025-26 is also proposed. This practice has been followed in every wage revision for the sake of equity.

Performance of the Companies:

12. The GIPSA member companies have demonstrated significant financial resilience and strategic growth over the past five years. This period has been marked by a consistent and robust expansion of Assets Under Management and a strong recovery in Profit After Tax, underscoring strong market confidence and long-term stability. Despite facing significant external challenges that temporarily impacted profitability, the companies rebounded effectively with remarkable turnaround through enhanced operational efficiencies and cost optimization. This powerful recovery, coupled with sustained asset growth enables the insurers to capitalize on India's growing insurance penetration and economic recovery which highlights the critical role played by the dedicated workforce in navigating market dynamics and driving success.

13. The summary of additional expenses for the GIPSA member companies on account of one-time expense due to **Wage revision; increase in employer's contribution under NPS from existing 10% to 14% for the period August, 2022 to September, 2025;** and grant of **family pension at uniform rate of 30% effective from the date of publication of notification** and further recurring expenses for FY 25-26 onwards i.e. **for 22 months** are as follows:

	Salary Components	Additional Expense (Amount in Rs. cr)
One time/Non-Recurring outgo required (A)	Total Arrears to be paid (for 38 months) on account of WR (August'22- September'25)	5,822.68
	Total Arrears (for 38 months) on account of NPS-10% to 14% (August'22- September'25)	250.15

	One-time Expenses to be paid on account of Uniform Family pension @ 30%	2,097.47
Total (A)		8,170.30
Recurring Expenses for FY 25-26 onwards (B)	Expenses for FY 25-26 onwards on account of WR i.e. for 22 months	3,371.02
Grand Total Expenses (A) + (B)		11,541.32

Rule position

14. In terms of the provisions of Section 17(A) of the General Insurance Business (Nationalisation) Act, 1972 [cp.381](#), the Central Government is empowered to issue notification for revision of pay scale and other terms and conditions of officers and employees of PSGICs. GIPSA has accordingly sent this proposal to Government for consideration.

14.1 Accordingly, after the said notification, salary on revised pay scale shall be payable pursuant to publication of notification in the Gazette of India.

Draft Notifications to be notified

15. Based on above, following draft notifications (DFA/300489683, 300489686, 300489687 and 300489689) have been prepared to give effect to the wage revision due w.e.f. 01.08.2022 for employees of Public Sector General Insurance Companies and GIC Re:

- i. the General Insurance (Rationalisation of Pay Scales and other Conditions of Service of Officers) Amendment Scheme, 2025.
- ii. the General Insurance (Rationalisation of Pay Scales and other Conditions of Service of Development Staff) Amendment Scheme, 2025
- iii. the General Insurance (Rationalisation and Revision of Pay Scales and other Conditions of Service of Supervisory, Clerical and Subordinate Staff) Amendment Scheme, 2025
- iv. the General Insurance (Employees') Pension Amendment Scheme, 2025

Approval Sought

16. Approval of FM is sought for the following:

- i. Revision of pay and allowances of employees of PSGICs and

GIC Re at approximately 12.41% of the wage bill w.e.f. 1.8.2022 as mentioned in paragraph 5 to 8 above.

ii. Employer's contribution to NPS @14% w.e.f. 1.8.2022 as per paragraph 9 above.

iii. Family pension at the uniform rate of 30% from date of publication in the official gazette as per paragraph 10 above.

17. The draft notifications referred to in paragraph 15 above, shall be published after vetting by the Legislative Department.

01/10/2025 05:07 pm

हरेंद्र कुमार|HARENDRA KUMAR
ओएसडी-डीएफएस|OSD-DFS

